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DEVELOPMENT
PROGRAMME

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DP/PROJECTS/7453

ENGLISH

APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF
ASIA AND THE PACIFIC REGION

IPF:(1992-96) $151 400 000

(RAS/92/071) - Programme for Asian Cooperation on Energy and the Environment (PACE-E)

Date of approval by the AC:[1]	17 February 1993	
Expected duration:	Four years	
Proposed executing agency:	Participating Government in association with ESCAP and APDC	
Government implementing agency:	Ministries of Energy and Environment, Regional and National Insitutions	
Proposed UNDP contribution:	$4 000 000	Source of funds: IPF
Third-party cost sharing:	$2 261 900	Source of funds: Australia
	$ 727 300	Source of funds: France
Total UNDP budget:	$6 989 200	

Project background

The issue of energy production and use is of particular significance to the Asia and Pacific region with over 3 billion people and home to numerous dynamic economies which, based on current trends, will continue to be major consumers of energy in the future. The region has undergone enormous changes over the past decade in terms of growth and consumption patterns including a sharply increased use of various sources of energy particularly from fossil fuel sources. While this increased use of energy improved the standard of living for many people of the region, it has at the same time left its mark on the environment. Deforestation, water and particularly air pollution are just a few of the more obvious manifestations of this development trend. In fact, it now seems that economic progress may seriously be compromised or hampered by the negative impacts of current energy production and consumption patterns.

The problems of rapid consumption, growth and volatile petroleum supply has increased awareness of the environmental consequences of energy production and consumption. It has become increasingly clear that energy policy management and technology cannot be considered in isolation from the broader concerns of sustainable development, particularly with respect to those concerns relating to environmental quality. Little has been done to involve the private sector in energy-environment programmes even though it has taken on an expanded role in the production of energy. There is much concern that the pendulum may swing too far and that general economic and human development may be sacrificed by concessions to environmental concerns. Thus, an important challenge for each country is to manage the trade-off between adequate and affordable energy supplies and environmental quality. This

[1] This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.

trade-off must be managed with consideration for future as well as current generations. Hence, sustainable development is a crucial concept in effectively addressing the energy-environment interface.

Description of project

The development objective of PACE-E is to be a catalyst for the countries of Asia to identify and solve on a cooperative basis energy-environmental problems. The means of accomplishing this are background information needed for policy-making, intra-institutional linkages and management skills necessary for implementing policy, and technology that makes implementation possible.

Programme elements and objectives will include: (a) Energy and Environment Planning: establishment of energy-environment databases, energy impact assessment methodologies, and institution-building to enhance environmental perspectives in energy planning and policy making; (b) Coal Development and Utilization: training technicians, managers and executives in the most advanced techniques of producing and utilizing coal, while minimizing adverse impacts on the environment; (c) Natural Gas and Petroleum Development: enhancing understanding of the range of environmental impacts associated with petroleum and gas production in the region, developing mechanisms thorough which these concerns can be integrated into the planning, management and technical design of resource development and utilization strategies, assessing information, and providing training needed to assess, prevent and remedy the environmental damage caused by the exploration, development, production and transportation of petroleum and natural gas; (d) Rural Energy-Environment Development: consolidating existing interests and achieving a significant enhancement of the operational ability of countries in the region to formulate sustainable rural energy system development strategies; (e) Conservation and Efficiency: strengthening and extending the knowledge and experience base regarding conservation and efficiency improvements within the region, and providing an analytical framework within which the environmental performance of this type of policy option can be effectively put in place and readily assessed; (f) Electric Power System Management and Development: strengthening the power sector's ability to handle energy-environment interface issues and exploring options which allow the industry to continue to develop in a manner which is compatible with the goals of sustainable development.

By the end of 1996, PACE-E is expected to strengthen the TCDC network and make significant contributions in developing increased awareness of the trade-offs and complementarities of energy, environment, economic growth and human development.

Inputs

UNDP will support the costs associated with establishment of the office of the Programme Coordinator (programme coordinator, one programme assistant and one secretary); a short-term adviser (environment) for six work-months each year; programme activities of the six Working Groups through advisory services; training; and organisation of workshops and seminars; and miscellaneous costs.

Financial data

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Personnel	2 111 300
Subcontract (Training JCB)	2 286 300
Training	1 289 400
Miscellaneous	1 302 200
Total	6 989 200

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APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF INDIA

IPF:(1992-96) $156 120 000

(IND/93/004) - Automotive Parts Quality and Development Centre, Ludhiana

Date of approval by the AC:[1/]	17 February 1993
Expected duration:	Five years
Proposed executing agency:	Government of Punjab
Government implementing agency:	Department of Industries
Proposed UNDP contribution:	$ 4 194 000 Source of Funds:IPF
Total UNDP budget:	$ 4 194 000

Project background

Punjab has a predominantly agricultural economy providing about 24 percent of India's wheat and cotton and 10 percent of its rice. The per capita income of the state is the highest in India. However, with the increasing mechanization of agriculture and rapid population growth, employment in the sector has not been able to keep pace with the population growth. The Punjab economy has, therefore reached a stage where diversification has become imperative in order to tackle the increasing unemployment problem. To address the problem, the Punjab State Government in 1989 announced a special industrial policy supporting Small-scale industry (SSI). The average investment per small-scale unit is less than (Rs.) 100,000. However, more than five jobs are created for every (Rs.) 100,000 investment in small-scale industry compared to 0.5 jobs for similar investment in medium and large-scale industry. Small-scale industry therefore occupies an important position in the Punjab economy.

The State has about 175,000 SSI units employing 750,000 workers and with an annual production of (Rs.) 800 million. These SSI units account for 50 percent of the industrial production and 60 percent of exports from the State. 85 percent of all units manufacturing automotive parts in India are in the small-scale sector and account for about 50 percent of the total production. Out of about 5,000 SSI and ancillary units manufacturing auto parts in the country, about 2,000 are in Punjab. The strategy of the Government of India as well as the Punjab Government has been to promote common facility R & D Centres catering to different segments of SSI with the goal of inducting new technology, upgrading quality ,and training manpower.

Description of project

The immediate objectives of the project are to : (a) upgrade the quality and competitiveness of SSI units producing automotive parts to meet the specifications of the component suppliers and vehicle manufacturers; (b) reduce imports of automotive components and parts; and (c) establish an Automotive Parts Quality and Development Centre in Ludhiana.

The Centre will introduce quality assurance, material and component testing, design development and training facilities; and Statistical Quality Assurance(SQA) unit will be established within the centre to develop an SQA programme to be introduced in the SSI units. Engineers from the Centre will be trained to carry out SQA audits in the participating SSI

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units; and they will assess results of the programme and make recommendations to the management of the companies on quality improvement measures.

Hands-on training facilities and programmes will be provided by the Centre for staff of the SSI units in fields such as material and component testing and design; and regular market intelligence will ensure that the methods introduced and products being produced are up-to-date with the requirements on the demand side.

At the end of the UNDP assistance, the Centre should be self-financing through contributions and service fees from the private sector. Eight staff will have been trained to carry out Statistical Quality Assurance and the SQA scheme will have been adopted and upgraded through regular visits to manufacturers, auditing the quality of their products and production equipment against set standards. Furthermore, the Centre will be fully equipped to carry out testing and product development and will have fully operational training facilities. Close contacts and interaction will have been established with the private sector in order for the Centre to accommodate its programmes and facilities to the changing needs of the industry.

Inputs

UNDP will provide 100 work-months of international experts; 100 work-months of fellowships, study tours and training workshops; equipment for test laboratories and common facilities and CAD equipment with relevant software; and miscellaneous costs.

Financial data

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Personnel	1 400 000
Training	500 000
Equipment	2 239 000
Miscellaneous	55 000
Total	4 194 000

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